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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: :
: **Chapter 11 Case No.**
LEHMAN BROTHERS HOLDINGS, INC., et al., :
: **08-13555 (JMP)**
: **(Jointly Administered)**
Debtors. :
:
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**RESPONSE OF LOUIS DREYFUS ENERGY SERVICES L.P.
TO DEBTORS' NINETY-FIFTH OMNIBUS OBJECTION TO CLAIMS
(VALUED DERIVATIVE CLAIMS)**

Louis Dreyfus Energy Services L.P. ("LDES"), by and through its undersigned counsel, hereby files its response (the "Response")¹ to the *Debtors' Ninety-Fifth Omnibus Objection to Claims (Valued Derivative Claims)* (the "Objection") [Docket No. 14490] and respectfully represents as follows:

BACKGROUND

1. On September 15, 2008, Lehman Brothers Holdings Inc. ("LBHI") filed a voluntary petition for relief pursuant to chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). On October 3, 2008, Lehman Brothers Commodity Services

¹ By agreement with the Debtors, LDES's time to respond to the Objection was extended to April 25, 2011.

Inc. (“LBCS”) filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

2. LBHI, LBCS and their chapter 11 debtor-affiliates (each a “Debtor” and collectively, the “Debtors”) are operating their businesses and managing their properties as debtors in possession pursuant to Bankruptcy Code §§ 1107(a) and 1108. On September 17, 2008, an Official Committee of Unsecured Creditors was appointed in the Debtors’ cases.

3. Prior to the Debtors’ commencement of these cases, LDES and LBCS were parties to certain commodity swap and/or forward contracts (the “Transactions”) documented under an ISDA master agreement, dated as of December 21, 2007 (the “ISDA Master Agreement”). LBCS’s obligations to LDES thereunder were guaranteed by LBHI. On September 15, 2008, LDES terminated the Transactions under the ISDA Master Agreement pursuant to the safe harbor provisions of the Bankruptcy Code.

4. On or about December 18, 2008, LDES timely filed proofs of claim against LBCS and LBHI. On September 16, 2009, in order to comply with the procedures established in these cases regarding derivative claims, LDES filed amended claims against LBCS (Claim number 13824) and LBHI (Claim number 13825) (collectively, the “Claims”). On October 2, 2009, LDES timely submitted Derivative and Guarantee Questionnaires (the “Questionnaires”). LDES asserts claims of \$6,770,641.52 resulting from early termination of the Transactions and LBHI’s guarantee.

RESPONSE

5. LDES does not object to the allowance of Claims 13824 and 13825 each in the amount of \$6,770,641.52 as sought in the Objection.

6. Additionally, the Debtors seek to reclassify Claim 13824 against LBCS as an unsecured claim. LDES checked the secured claim box on the proof of claim form to reflect its

setoff and netting rights; however, the asserted claim amount is a net unsecured claim after giving effect to the exercise of its setoff and netting rights pursuant to the safe harbor provisions of the Bankruptcy Code. Accordingly, LDES does not object to the reclassification of Claim 13824 as an unsecured claim in the amount of \$6,770,641.52, provided that the order so providing states that such reclassification has no res judicata, estoppel or other effect on any valid rights of setoff, netting and/or recoupment in connection with the Claims.

WHEREFORE, LDES respectfully requests that the Court allow Claims 13824 and 13825 as unsecured claims each in the amount of \$6,770,641.52, and further provide that the reclassification of Claim 13824 as unsecured shall have no res judicata, estoppel or other effect on any valid rights of setoff, netting and/or recoupment in connection with the Claims.

Dated: April 22, 2011
New York, New York

Respectfully submitted,

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